

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 488 – SB 1257

March 28, 2017

SUMMARY OF ORIGINAL BILL: Authorizes cities incorporated under a city manager-commission charter to adopt an ordinance, by a two-thirds vote of the board of commissioners, to impose a fee to fund the construction and maintenance of a municipal fire station. Requires the city to reduce the fee to reflect only the cost of maintenance of the fire station or operation after the construction of the fire station, unless additional fire stations are needed.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Any permissive increase in local revenue for municipal fire stations is dependent upon multiple unknown factors and cannot be reasonably determined. Further, any local revenue derived from the fee will be permissively expended by the respective local government for fire station construction, maintenance, and operational costs.

SUMMARY OF AMENDMENT (004920): Adds language to the original bill prohibiting a county that imposes a fire fee from collecting such a fee from residents after the date a city located in such a county adopts an ordinance to impose a fire fee to fund the construction and maintenance of a municipal fire station. Requires cities adopting ordinances to impose fire fees to set rates at an amount that is equal to or less than the rate set by a county fire fee at the time the city adopts the ordinance.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Any permissive increase in local revenue for municipal fire stations is dependent upon multiple unknown factors and cannot be reasonably determined. Further, any local revenue derived from the fee will be permissively expended by the respective municipality for fire station construction, maintenance, and operational costs.

In instances where a permissive fire fee is collected in a municipality located in a county that also collects a fire fee, this may result in a mandatory decrease in local revenue to those counties. The extent of any such decrease is dependent on multiple unknown factors and cannot be reasonably determined.

HB 488 – SB 1257

Assumptions for the bill as amended:

- This legislation would allow the local board of commissioners to adopt an ordinance that would impose a fee for the specific purpose of raising revenue to fund the construction and maintenance of a municipal fire station, outlining the system for collection and enforcement of fees authorized and imposed, and for providing a mechanism for fees to be increased or decreased as determined by the board.
- The total statewide permissive increase in local revenue associated with city fee collection for the purpose of fire stations is dependent on multiple unknown factors such as: the number of city manager-commission charter cities adopting local ordinances to impose a fee, the amount of any such fee, the length of time any such fee will be collected, and the extent of construction, maintenance, and operational costs of any such municipal fire station.
- In instances where the permissive fire fee is collected in a city located in a county that also collects a fire fee, a mandatory decrease in local revenue may occur to such counties. The extent of the decrease is dependent on multiple unknown factors such as: the number of cities adopting local ordinances that are located in counties imposing a fire fee, the rate of such a county fee, and the location and number of county residents that will be served by the municipal fire station.
- Given the extent of unknown factors, the precise fiscal impact to local government cannot be reasonably determined; however, any permissive increase in fee collection revenue is expected to be offset with a corresponding permissive increase in local government expenditures for the purpose of fire station construction, maintenance, and operation. To the extent a county is also assessing a fire fee; it may result in a mandatory decrease in local revenue.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by a small, stylized monogram or initials "RNC".

Krista M. Lee, Executive Director

/amj